SYRACUSE CITY State of Utah

GENERAL PURPOSE EXTERNAL FINANCIAL REPORT

For the year ended June 30, 2005

"Provide quality affordable services while promoting community pride, fostering economic development and managing growth."



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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Syracuse City, UT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Syracuse City, Utah, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Syracuse City, Utah's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Syracuse City, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2005, on our consideration of Syracuse City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and pages 32 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Syracuse City, Utah basic financial statements.

WOOD Richards & Associates

Oaden, Utah October 7, 2005



Year Ended June 30, 2005

INTRODUCTION

The following is a discussion and analysis of Syracuse City's financial performance and activities for the year ended June 30, 2005. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance. Starting with the year ended June 30, 2004 the City implemented new reporting standards established by the Governmental Accounting Standards Board (GASB). These new standards significantly changed the content and structure of the financial statements from earlier years. The new presentations are intended to give current answers to the ongoing questions of "what is the Cities financial condition", "what are the resources of the City", "how much do specific City services cost", and "who pays for which service".

HIGHLIGHTS

The continued growth of the City shows a 9% increase in utility connections this year bringing the total connections to 5,070 for the month of June 2005. Impact fees and contributions from developers have funded the vast majority of projects that the city has been involved in this year.

The development of Jensen Nature Park, with funding and professional assistance from the Utah State Department of Natural Resources, has been a learning experience for everyone involved. City Crews and citizens participated in many worthwhile projects around the pond that have created a sense of ownership in this project. The Park is scheduled to open on Labor Day 2006 and is already becoming a point of interest for those waiting to use the facility.

The city had an opportunity to purchase 60 acres adjacent to the Jensen Nature Park as it became available during the year. The property will be developed for recreation programs as park development impact fee funds accumulate.

OVERVIEW OF THE FINANCIAL STATEMENTS

This presentation is intended to serve as an introduction to the basic financial statements of Syracuse City. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains the required supplementary information, as well as, additional supplementary information informative to the various users of the report.

The government-wide view of the City's finances is a requirement under the GASB Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and became effective for the City for 2004. Fund financial statements have been reported in the past.

Government-wide Statements - Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities on pages 8 and 9 comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or disbursed, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Year Ended June 30, 2005

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Syracuse City's ongoing governmental activities include general government, judicial, planning, public safety, roads, and parks and recreation services. Governmental activities also include the City's effort to accumulate and use resources for significant infrastructure, parks, and facilities construction. The City has two business-type activities — 1) operation of the city's Utility services that includes culinary water and refuge collection and 2) operation of the City's Secondary Water system.

The government-wide statements also include information about Syracuse City Redevelopment Agency, a blended *component* unit of Syracuse City. A detailed explanation of the reporting entity is part of the notes to the financial statements.

Fund Financial Statements

•••••••••••

The fund financial statements beginning on page 10 provide detailed information about individual funds. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds can be divided into two types: governmental funds, and proprietary funds.

Governmental Funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds — Proprietary funds are presented using the full-accrual basis of accounting. Syracuse City uses two different types of proprietary funds, Enterprise funds and Internal service funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has two enterprise funds - Utility Fund, and Secondary Water Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund — Motor Pool Fund. Because those services predominantly benefit governmental rather than business-type activities, they are included with governmental activities in the government-wide statements.

Reconciliation between Government-wide and Fund Statements

Because the focus of governmental funds (modified accrual accounting, short-term focus) is narrower than that of the government-wide financial statements (full-accrual accounting, long-term focus), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison on pages 11 and 13 of this report. Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- The value of developers infrastructure contributions are reported as revenue on the government-wide statements but are not reported on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 17 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Year Ended June 30, 2005

OVERALL FINANCIAL ANALYSIS OF THE CITY

The ongoing development of farmland into subdivisions has made the assets of the City increase significantly. The City's total net assets increased \$8.1 million or 17.5% over the prior year. Net assets of governmental activities increased \$4.0 million or 15.9%. Net assets of business-type activities increased \$4.1 million or 19.3%. The majority of these asset increases are roads, related utilities, and water shares. When a development is accepted by the City, the roads and utilities provided by the developer become the property and responsibility of the City.

Net Assets

The largest component of the City's net assets, \$46,284,694 or 84.6%, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all-outstanding debt that was issued to buy or build those assets. As Capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt are intended to be provided from other sources.

Restricted net assets comprise \$7,831,575 or 14.3% of total net assets. These assets are subject to external restrictions on how they may be used. They are designed for transportation, park acquisition and development, water and sewer improvements. These assets are accumulated from the State road taxes and from impact fees placed on new development. They are the funding source to pay for the major improvements needed as the population of the City grows.

The amount of unrestricted net assets at June 30, 2005 is \$624,597 or 1.1% of total net assets. This may be used at the City's discretion for future spending. The following presentation summarizes the City's financial position as of June 30, 2005 compared with 2004.

Syracuse City Net Assets

	Governmen	tal Activities	Business-ty	pe activities	<u>To</u>	<u>otal</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	2004
Current and Other Assets	\$ 6,833,539	\$ 5,5 3 5,557	\$ 2,796,928	\$ 2,658,687	\$ 9,630,467	\$ 8,194,244
Capital Assets	27,200,876	22,822,592	23,582,546	19,829,353	50,783,422	42,651,945
Total Assets	34,034,415	28,358,149	26,379,474	22,488,040	60,413,889	50,846,189
Current and Other Liabilities	1,585,168	1,426,820	224,650	332,094	1,809,818	1,758,914
Long-term Liabilities	3,072,205	1,577,167	791,000	904,000	3,863,205	2,481,167
Total Liabilities	4,657,373	3,003,987	1,015,650	1,236,094	5,673,023	4,240,081
Net Assets:						
Invested in Capital Assets						
Net of related Debt	23,606,149	20,879,629	22,678,545	18,812,353	46, 284 ,694	39,691,982
Restricted	5,323,478	4,517,725	2,508,097	2,068,036	7,831,575	6,585,761
Unrestricteed	447,415	(43,192)	177,182	371,557	624,597	328,365
Total Net Assets	\$ 29.377.042	\$ 25.354.162	\$ 25.363.824	\$ 21.251.946	\$ 54,740,866	\$ 46,606,108

SYRACUSE CITY, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2005

Changes in Net Assets

The \$8.1 million increase in Net Assets was mainly involving Capital Assets. Developers provided \$5.2 million of the increase in the form of water stock, roads, and associated utilities that were contributed to the City as new subdivisions were accepted. The other large item is the City development of Jensen Park and other Capital facilities totaling \$3.1 million this year. The current assets and liabilities both increased because of the \$2.1 million Park Development Sales Tax Revenue Bond that was issued in May 2005.

Syracuse City Changes in Net Assets

	Governme	ntal activities	Business-ty	pe activities	To	tal
	<u>2005</u>	<u>2004</u>	2005	2004	2005	20 04
Rev enues						
General Revenues:						
Taxes	\$ 2,749,144	\$ 2,247,17	' \$ -	\$ -	\$ 2,749,144	\$ 2,247,177
Impact fees	1,677,077	1,800,86	962,108	896,231	2,639,185	2,697,092
Other General Revenues	309,186	197,50	-	-	309,186	197,505
Interest Revenue	116,577	67,53	62,267	36,181	178,844	103,713
Program Revenues:						
Charges for Services	1,4 93,6 94	1,398,03	3,330,030	2,857,455	4,823,724	4,255,492
Grants	724,859	585,42	<u> </u>	·	724,859	<u>585,427</u>
Total Revenues	7,070,537	6,296,53	4,354,405	3,789,867	11,424,942	<u>10,086,406</u>
Expenses						
General Governmet	951,595	999,18	·	-	951,595	999,187
Public Safety	2,277,896	1,650,64	-	-	2,277,896	1,650,640
Public Works	1,325,077	1,631,68	-	· -	1,325,077	1,631,681
Parks and Recreation	559,582	485,07	· _	-	559,5 82	485,077
Interest on Long-term Debt	93,907	116,076	-	-	93,907	116,070
Utilities	-	-	2,483,785	2,275,780	2,483,785	2,275,780
Secondary Water			824,374	<u>759,798</u>	<u>824.374</u>	<u>759,798</u>
Total Expenses	<u>5,208,057</u>	4,882,65	3,308,159	3,035,578	<u>8,516,216</u>	<u>7,918,233</u>
Changes in Net Assets before						
before Contributions	1,862,480	1,413,88	1,046,246	754,289	2,908,726	2,168,173
Infrastructure Contributions						
from Developers	2,160,401	1,374,95	3,065,632	1,274,213	5,226,033	2,649,167
Change in Net Assets	4,022,881	2,788,83	4,111,878	2,028,502	8,134,759	4,817,340
Net Assets - Beginning	25,354,162	22,565,32	21,251,946	19,223,444	46,606,108	41,788,768
Net Assets - Ending	\$ 29,377.043	\$ 25,354,16	\$ 25,363,824	<u>\$ 21,251,946</u>	<u>\$ 54,740,867</u>	<u>\$ 46,606,108</u>
Percentage Change from Previous Year	15.9%	12.4%	19.3%	10.6%	17.5%	11.5%

Year Ended June 30, 2005

The table below shows to what extent the City's activities relied on taxes and other general revenues to cover all of their costs. For 2005, these programs generated \$5.5 million or 66% of their total expenses through charges for services and grants. Taxes, impact fees and other general revenues covered the remaining 34% of expenses.

Syracuse City Net Cost of Activities For the Year Ended June 30, 2005

	Total Program Expenses	Less Program Revenues	Program Revenue as a Percentage of Total Expenses	(fund	Program Costs led with I revenues)
Governmental Activities:					
General Government	\$ 951 ,5 95	\$ 439,856	46%	\$	511 ,7 39
Public Safety	2,2 77,8 96	466,881	20%		1,811,015
Public Works	1,32 5,07 7	1,222,181	92%		102,896
Parks and Recreation	559,582	89,635	1 6%		469 ,9 47
Business-type Activities:					
Utilities	2,483,785	2,750,050	111%		(266,265)
Secondary Water	824,374	579,980	70%		244,394
Totals	\$ 8,422,309	\$ 5,548,583	66%	\$	2,890,440

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund balances in the City's governmental activities funds increased \$1.2 million or 26% from the prior year. Three balances enjoyed significant increases:

The General Fund unreserved fund balance increased from \$189,210 at the beginning of the year to \$593,672 as the year ended. The increase is contributed to increased sales tax revenues after the distribution formulas were updated with current population amounts. The ending unreserved fund balance is 14.6% of the future year's budgeted revenues. The statutory defined limits are not less than 5% and not more than 18%.

Government activities impact fee reserves increased by \$386,803. These amounts are available for future major City roads and parks improvements. The total at June 30, 2005 is \$2,770,871.

The balance in the Capital Improvements fund increased by \$479,537 to \$1,316,599 at June 30, 2005. This funding source is the City imposed utility franchise tax. This will used as part of the funding resource for the new Syracuse Community Center budgeted for construction during the coming year.

The Enterprise Funds (Utilities and Secondary Water) had another challenging year of growth. The revenues of \$3,330,030 covered the costs of \$3,308,159. Revenues increased 17% over the previous year due to the continued growth in our community. Restricted net assets increased by \$440,061 to \$2,508,097 and unrestricted net assets decreased by \$194,375 to \$177,182.

BUDGET VARIANCES

The original general fund budget received a few major increases through the year. The ending general fund revenue budget was \$2,700,000 more than the originally budgeted amounts. The major portion of this increase (\$2.1 million) came from the proceeds of the Parks Development Sales Tax Revenue Bonds. The sales tax estimate was increased by \$333,826 (33%) as sales tax collections increased with the formula update. Budget for grants was also increased when additional grant dollars became available for public safety programs. The majority of the increases in general fund budgeted revenues were used to begin construction on park development projects that are part of the City's master plan to be funded by the Parks Development Sales Tax Revenue Bond.

Year Ended June 30, 2005

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

Syracuse City added \$9.9 million in new capital assets during the year ended June 30, 2005. Of that total \$5.2 million was contributed by developers as part of new roads, utility lines and shares of water stock. \$4.3 million was related to park land acquisitions and park and secondary water improvements. The remaining \$325,266 consisted of vehicle, equipment and software purchases.

Long-term Debt

In May Syracuse City issued \$2,100,000 of Park Development Sales Tax Revenue Bonds. Debt payments for the year totaled \$561,236. At the end of the current fiscal year the City had \$4,498,727 in various debt commitments that were all secured by specific revenue sources.

Syracuse City Long-term Debt As of June 30th

	<u> 2005</u>	<u>2004</u>
Governmental Activities:		
Excise Tax Road Bonds	\$ 635,000	\$ 780,000
Special Assessment Bonds	497,000	581,000
Park Development Bonds	2,100,000	-
Jensen Park Property Note	92,000	184,000
Business-type Activities:		,
Water Revenue Note 4660	464,000	522,000
Water Revenue Note 0221	440,000	495,000
Capital Equipment Lease	<u>270,727</u>	<u>397,963</u>
Total Long-term Liabilities	\$ <u>4,498,727</u>	\$ 2,959,963

OTHER MATTERS

A \$500,000 grant awarded early in 2004 from the Federal Department of Recreation will finally be used this coming winter for the construction of the Community/Senior Citizens Center. The site has been approved after significant changes. Construction contracts are being bid and are scheduled to be awarded before the end of October 2005.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Syracuse City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Syracuse City Administrator 1787 South 2000 West Syracuse, Utah 84075 THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET ASSETS JUNE 30, 2005

		Governmental Activities		Business-type Activities		Total
ASSETS	_					
Cash and Cash Equivalents	S	6,214,614	\$	2,472,169	\$	8,686,783
Accounts Receivable Taxes Receivable		228,987		324,759		553,746
		388,617		-		388,617
Other assets		1,321		-		1,321
Capital Assets:						
Land and Related Non-depreciable Assets		7,198,138		5,437,611		12,635,749
Depreciable Infrastructure		28,938,061		22,756,671		51,694,732
Buildings, Equipmt., & Other Depreciable Assets		4,790,664		743,727	t	5,534,391
Less Accumulated Depreciation		(13,725,987)		(5,355,463)	· <u> </u>	(19,081,450)
Total Capital Assets		27,200,876		23,582,546		50,783,422
TOTAL ASSETS		34,034,415	_	26,379,474		60,413,889
LIABILITIES						
Accounts Payable and Accrued Liabilities		952,589		111.650		1.064,239
Long-term Debt		•				_,
Due Within One Year		632,579		113,000		745,579
Due in More Than One Year		3,072,205		791,000		3,863,205
TOTÁL LIABILITIES		4,657,373		1,015,650		5,673,923
NET ASSETS						
Invested in Capital Assets, Net of Related Debt		23,606,149		22,678,545		46,284,694
Restricted for:		,		22,010,010		40,204,024
"C" Road activities		1,162,093		_		1,162,093
Impact fees		2,770,871		2,440,574		5,211,445
Special revenue activities		813		2,110,07		813
Capital Projects		1,338.095		_		1,338,095
Debt service		51,606		67,523		119,129
Unrestricted		447,415		177,182		624,597
TOTAL NET ASSETS	S	29,377,042	S	25,363,824	S	54,740,866

SYRACUSE CITY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

					Progr	am Revenues		
Activities		Expenses	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
Primary Government:						-		· · ·
Governmental:								
General Government	S	951,595	S	439,856	S	-	\$	-
Public Safety		2,277,896		159,226		256,459		51,196
Public Works		1,325,077		804,977		417,204		-
Parks and Recreation		559,582		89,635		_		-
Interest and Other Charges				•				
on Long-term Debt		93,907		_		-		-
Total Governmental Activities		5,208,057		1,493,694		673,663		51,196
Business-type:	-			-				•
Utilities		2,483,785		2,750 ,050		-		_
Secondary Water		824,374		579 ,980		-		-
Total Business-type Activities		3,308,159		3,330,030				-
Total Primary Government	s	8,516,216	\$	4,823,724	\$	673,663	\$	51,196

General Revenues:

Property Tax

Sales Tax

Franchise Tax

Total Taxes

Impact fees

Unrestricted Interest Earned

Other General Revenues:

Miscellaneous

Developers infrastructure contributions

Other General Revenues - Total

Total General Revenues

Change in Net Assets

Net Assets-Beginning

Net Assets-Ending

Net (Expense) R	levenue and	Changes is	n Net Assets

		Prim	ary Government				
Go	vernmental	E	usiness-type		·		
	Activities		Activities	Total			
\$	(511,739)	\$	-	\$	(511,739)		
	(1,811,015)		-		(1,811,015)		
	(1 02, 896)		-		(1 02,896)		
	(469,94 7)		•		(469,947)		
	(93,907)		-		(93,907)		
	(2,989,504)		-		(2,989,504)		
	-		266,265		266,265		
	_		(244,394)		(244,394)		
	-		21,871		21,871		
	(2,989,504)		21,871		(2,967,633)		
	636,483		-		636,483		
	1,366,078		-		1,366,078		
	746,583		_		746,583		
	2,749,144				2,749,144		
	1,677,077		962,108		2,639,185		
	116,577		62,267		178,844		
	309,186		-		309,186		
	2,160,401		3,065,632		5,226,033		
	2,469,587		3,065,632		8,353,248		
	7,012,385		4,09 0,00 7		11,102,392		
	4,022,881		4,111,878		8,134,759		
	25,354,162		21,251,946		46,606,108		
\$	29,377,043	\$	25,363,824	S	54,740,867		

SYRACUSE CITY

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2005

ASSETS:	<u></u>	General Fund		elop ment Tund	S.I.D. Debt Serivee Fund	
ASSE 15:						
Cash and Cash Equivalents	\$	3,764,600	\$	813	\$	51,606
Accounts Receivable		2,244		-		214,092
Taxes Receivable		346,402		-		-
Due from other funds		250,292		-		•
Other assets		1,321		-		-
TOTAL ASSETS	\$	4,364,859	\$	813	\$	265,698
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$	832, 601	\$	-	\$	214,092
Deposits		119,988				
TOTAL LIABILITIES		952,589				214,092
FUND BALANCES						
Reserved for "C" Roads		1,162,093		-		-
Reserved for impact fees		1,656,505		-		_
Unreserved, reported in:						
General Fund		593,672 —	-	-		• '
Special Revenue Funds		-		813		-
Debt Service Funds						51,606
Capital Projects Funds		<u>-</u> \				-
TOTAL FUND BALANCES		(3,412,270)		813		51,606
TOTAL LIABILITIES AND FUND BALANCES	\$	4,364,859	\$	813	<u>s</u>	265,698

EXHIBIT C

	Storm Sewer Construction Fund		Capital Improvements Fund		Total vernmental Funds
s	1,123,211	s	1,274,384	s	6,214,614
	12,651		-		228,987
	-		42,215		388, 617
	. •		-		250,292
	-		-		1,321
S	1,135,862	<u> </u>	1,316,599	<u>s</u>	7,083,831
\$	-	s	-	s	1,046,693
	-				119,988
					1,166,681
	-		-		1,162,093
	1,114,366		-		2,770, 871
			-		593,672
	-		-		813
	-		-		51,606
	21,496		1,316,599		1,338,095
	1,135,862		1,316,599		5,917,150
\$	1,135,862	s	1,316,599	\$	7,083, 831

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENT FUNDS TO THE STATEMENT OF NET ASSETS **JUNE 30, 2005**

Total fund balance - governmental funds

5.917.150

Amount reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:

> 7,198,138 Land and related non-depreciable assets 28,938,061 Depreciable Infrastructure Buildings, equipment, and other depreciable assets 3,791,701 **Accumulated Depreciation** (13,463,761)**Total Capital Assets**

26,464,139

Governmental funds defer revenues of accounts receivable that are not available to finance current-period expenditures. The Special Improvement District receivable is a property assessment due in annual installments.

214.092

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.

215,718

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

> Debt (3,324,000)Compensated absences (110,057)**Total Long-Term Debt**

(3,434,057)

Total net assets --- governmental activities

29,377,042



SYRACUSE CITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005

REVENUES:		General Fund		elopment fund		S.I.D. bt Service Fund
NUT ENVES.						
Taxes	\$	2,002,561	\$	-	S	-
Licenses and permits		749,411		-		_
Impact fees		1,348,984		-		-
Intergovernmental revenues		724,859		5,000		_
Charges for services		559,906		-		_
Fines and forfeitures		179,377		-		-
Interest		56,202		_		18,951
Miscellaneous		17,354				50,840
Total		5,638,654		5,000		69,791
EXPENDITURES:						-
Current:			•			
General government		893,866		4,588		160
Public safety		1,665,896		4,500		100
Public works		709,794		_		_
Parks and Recreation		456,965		_		_
Debt service:		, -				
Principal retirement		237,000		-		84,000
Interest and other		42,528		-		34,665
Capital outlay	·	3,066,146				-
Total		7,072,195		4,588		118,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
BEFORE OTHER FINANCING SOURCES (USES)		(1,433,541)		412		(49,034)
OTHER FINANCING SOURCES (USES):						
Proceeds from the sale of bonds		2,100,000				
Transfers in		2,100,000		-		-
Transfers out		- (40.004)		-		49,034
		(49,034)		-		
Total		2,050,966		<u> </u>		49,034
NET CHANGE IN FUND BALANCES		617,425		412		
FUND BALANCES, BEGINNING OF YEAR		2,794,845		401		51,606
FUND BALANCES, END OF YEAR	\$	3,412,270	\$	813	S	51,606

EXHIBIT E

Storm Sewer Construction Fund		Capital provements Fund	Total Governmental Funds		
s -	s	49 0,05 6	s	2,492,617	
-		-		749,411	
328,0 93		-		1,677,077	
•		-		729,859	
-		•		559,900	
22.256		10.170		179,37	
23,256		18,168		116,57	
		26,090		94,284	
351,349		534,314		6,599,108	
-		_		898,614	
-		-		1,665,890	
-		-		709,794	
-		-		456,965	
-		•		321,000	
•		-		77,193	
238,508		54,777		3,359,431	
238,508		54,777		7,488,893	
112,841		479,537		(889,785	
				2 100 000	
-		-		2,100,000	
_		-		49,034	
		-		(49,034	
		-		2,100,000	
112,841		479,537		1,210,215	
1,023,021		837,062		4,706,935	
1,135,862	S	1,316,599	S	5,917,150	

4,022,881

Changes in net assets of governmental activities

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balance — total governmental funds	1,210,215
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and	
reported as depreciation expense. Capital purchases (\$3,359,431) exceeded depreciation (\$1,125,981) during the current period.	2,233,450
The governmental funds report the amount due from future year property tax assessments as deferred revenue rather than revenue. The statement of net assets recognizes those revenues	214,092
The long-term portion of the liability for compensated absences is not recorded in the fund level, but is reported in the statement of net assets. This is the current year change in the liability, reported as an expense in the statement of activities	(27,617)
Long-term debt issued and repaid during the year are considered revenues and expenditures in governmental fund presentations. However, neither has any effect on net assets. This amount is the net effect of the \$2,100,000 of bonds issued and the \$321,000 of bond payments that were transacted during the year.	(1,779,000)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	11,340
Governmental funds do not report contributions of infrastructure from developers as a revenue in the governmental statements. It is recorded as part of the entity wide presentation.	2,160,401

Enterpielse Funds

EXHIBIT G

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

UNE 30, 2005	Utility Fund		econdary Water Fund	Total Enterprise Funds	Motor Pool Fund	
ASSETS CURRENT ASSETS:		•	_	s 2,472,169	S	-
and A improgramments	2,472,169	\$	57 ,90 9	324,759		-
Accounts reveivable (net of allowance for uncollectibles)	266,850		31,500	471,785		
Due from other funds	471,785		57,909	3,268,713		-
Total Current Assets	3,210,804		31,767	-		
NONCURRENT ASSETS - CAPITAL ASSETS:	363,750		4,022,770	4,386,520		-
Water Stock	20,308		26,125	46,433		-
Land	20,000		1,004,658	1,004,658		-
Land improvements not depreciated	56,700		-	56,700		
Ruildings	423,333		263,694	687,027		998,963
Furnishings, fixtures, and equipment	9,377,345		7,662,125	17 ,039,4 70		-
Water delivery system	5,717,201		-	5,717,201		-
Sewer collection system	(3,364,384)		(1,991,079)	(5,355,463)		(262,226)
Less accumulated depreciation —	12,594,253	_	10,988,293	23,582,546		736,737
Total noncurrent assets —	15,805,057	_	11,046,202	26,851,259		736,737
TOTAL ASSETS -	13,603,037	_	11,010,0	·		
LIABILITIES						
CURRENT LIABILITIES:	-		471,785	471,785		250,292
Due to other funds	13,122		-	13,122		-
Accounts payable	98,528		-	98,528		-
Customer deposits	113,000			113,000		132,579
Bonds payable	224,650	,	471,785	696,435		382,871
Total Current Liabilities	,					120 146
The second of th	791,000		-	791,000		138,148
LONG-TERM LIABILITIES - Bonds payable TOTAL LIABILITIES -	1,015,650		471,785	1,487,435		521,019
101AL LIABILITIES						
NET ASSETS	11,690,253		10,988,293	22,678,546		466,01
INVESTED IN CAPITAL ASSETS, NET OF KELATED DEDI	2,440,573		-	2,440,573		
DESTRICTED FOR IMPACT FEES	67,523		-	67,523		
RESTRICTED FOR DEBT SERVICE	591 , 058		(413,876)	177,182		(250,29
UNRESTRICTED	\$ 14,789,407	- '	\$ 10,574,417		<u> </u>	215,71

SYRACUSE CITY

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2005

OPERATING REVENUES:		Utility Fund		Secondary Water Fund	, 	Total Enterprise Funds		Motor Pool Fund
Water sales Sewer service charges Refuse collection charges	\$	1,007,39 464,47 970,80	0	\$ 421,1	91	\$ 1,428,58 464,47		
Storm drain user fee Connection fees		115,65 148,90	ŧ	158,76	-	970,80 115,65	1	-
Utility franchise tax Other			_	130,7	-	307,60	7 	256 <u>,52</u> 7
Total		42,833 2,750,051	_	579,97	10	42,914		8 10
EXPENSES:	_			01333	<u> </u>	3,330,030	<u>'</u>	257,337
Salaries, wages, and benefits Contractual services		356,904 1,174,563		306,89	6	663,800		-
Operations Depreciation		551,714		229,15	- 9	1,174,563 780, 873		152,762
Total		400,604		> 288,31		688,923		76,521
OPERATING INCOME (LOSS)		2,483,785		824,37	4	3,308,159		229,283
NONOPERATING REVENUES (EXPENSES):		26 6,266		(244,395	5)	21,871		28,054
Impact fees Interest revenue		387,438		574,670)	962,108		_
Interest expense Total		61,385		882		62,267		-
		448,823		575,552		1,024,375	· —	(16,714)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		715,089						(16,714)
CAPITAL CONTRIBUTIONS Developers infrastructure contributionss		,		331,157		1,046,246		11,340
NET CHANGE IN ASSETS		891,123		2,174,509		3,065,632		-
		1,606,212		2,505,666		4,111,878		11,340
VET ASSETS, BEGINNING OF YEAR		13,183,195		8,068,751		21,251,946		204,378
NET ASSETS, END OF YEAR	\$	14,789,407	\$	10,574,417	\$	25,363,824	\$	215,718

SYRACUSE CITY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	Utility Fund	Secondary Water Fund	Proprietary Funds Total	Motor Pool Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,575,127	\$ 581,305	\$ 3,156,432	\$ 256,527
Cash received from other activities	42,832	81	42,913	810
Cash payments for payroll and benefits	(356,904)	(306,896)	(663,800)	-
Cash payments for goods and services	(1,735,428)	(256,935)	(1,992,363)	(152,762)
Net cash provided by operating activities	525,627	17,555	543,182	104,575
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on cash deposits	61,385	882	62,267	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Principal payments on debt	(113,000)		(113,000)	(127,236)
Net cash provided by (used in) noncapital financing activities	(113,000)		(113,000)	(127,236)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITI	ES:			
Impact fees	387 ,43 8	574,670	962,108	-
Cash payments for property and equipment purchases	(273,962)	(1,102,523)	(1,376,485)	(60,955)
Interest expense on capital lease				(16,714)
Net cash provided by (used in) noncapital financing activities	113,476	(527,853)	(414,377)	(77,669)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	587 ,48 8	(509,416)	492,449	(100,330)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,356,466	37,631	2,394,097	(149,962)
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,943,954	\$ (471,785)	\$ 2,472,169	\$ (250,292)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: Operating income Adjustments to reconcile operating income to net cash provided by operating activities:	\$ 266,266	\$ (244,395)	\$ 21,871	\$ 28,054
provided by operating activities: Depreciation	400,604	288,319	688,923	76,521
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(61,575)	1 ,40 7	(60,168)	-
(Increase) decrease in inventories and other assets	-			-
Increase (decrease) in accounts payable and accrued liabilities	(7 9,668)	(27,776)	(107,444)	-
Increase (decrease) in compensated absences		-	-	
Total adjustments	259,361	261,950	521,311	76,521 \$ 104,575
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 525,627	\$ 17,555	\$ 543,182	\$ 104,575
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES Developers infrastructure contributions	\$ 891,123	\$ 2,174,509	\$ 3,065,632	s -

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Syracuse City (the City) conform in all material respects to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the City's significant accounting policies.

A legally separate entity meets the criteria of a component unit if the City's governing body appoints a voting majority of the organization's governing body and either has the ability to impose the City's will on that organization or that organization may provide specific financial benefits or burdens to the City. An organization may also be considered a component unit of the City if the organization is fiscally dependent upon the county or if its relationship is of a nature that it would be misleading to exclude it. The basic criterion to include Syracuse Redevelopment as a component unit in this report is that the City's governing body is also the Redevelopment Agency governing body and the agency exists exclusively to accomplish specific purposes of the City Council.

A. Reporting Entity

The City is incorporated under the constitutional provisions of the State of Utah. The City operates under a Council-Mayor form of government. The Mayor and the five council members are elected at large with staggered terms. The Mayor is the administrative authority by statute, however, in Syracuse City, that responsibility has been delegated to the City Administrator. Council has budgetary authority over all city departments and is accountable for all fiscal matters. City sales taxes, property taxes, utility user fees and development impact fees fund the majority of the costs of providing services to citizens including general administrative, judicial services (justice court), planning and zoning, public safety (police and fire), public utilities (culinary water, secondary water, sewer and garbage collection), highways and streets, parks-recreation, and public improvements.

The Basic Financial Statements of the City include the financial statements for all activities of the City based on the criteria set forth in GASB Statement 14. In defining the governmental entity for financial reporting purposes other legally separate entities are considered for inclusion as component units of the City entity. The following are the factors to be considered:

- 1. financial accountability, meaning the City appoints a majority of an organization's governing body and either 1) the City can impose its will on the organization, or 2) the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on the City.
- 2. whether a board or agency is fiscally dependent on the City
- 3. whether the relationship with the organization is such that it would be misleading to exclude it from the City's financial statements.

Blended Component Units - Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. Syracuse City Redevelopment Agency (RDA) is governed by a six-member board comprised of the City Council and Mayor. Its sole purpose is a financing tool that allows Syracuse City to gather property tax increment dollars from increased property values to pay for improvements in designated redevelopment areas. Activities for the RDA are blended with the City's special revenue funds. Separate financial statements are not issued or required for the Authority. The RDA is considered to be a blended component unit because the governing body is the same as the governing body of Syracuse City.

Discretely Presented Component Units - Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. No entities have been identified as discretely presented component units.

B. Government-wide And Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements - The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for governmental and proprietary funds.

GASB 34 introduced the concept of major funds to the fund statements. Because governments typically have too many funds to include information on each individual fund with the basic financial statements, criteria has been established to identify those funds that are reported in separate columns (major funds) and those that are grouped together (non-major funds). The small number of funds Syracuse City has designated all of its governmental funds as "major". The RDA Fund and Capital Projects Fund did not meet the criteria of a "major fund" but were included for simplicity in the report presentation.

The City reports the following governmental funds:

- General Fund This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.
- RDA Fund This special revenue fund accounts for all activities of the Syracuse City Redevelopment Agency.
- Special Improvement District / Debt Service Fund This fund accounts for the receipt of property assessment payments and the repayment of sidewalk improvement debt.
- Storm Sewer / Capital Projects Fund This special revenue fund accounts for the construction of storm sewers throughout the City.
- Capital Improvements / Capital Projects Fund This fund accounts for the monies that are being accumulated to provide additional City facilities as growth creates specific needs.

The City reports the following proprietary funds:

- Secondary Water Fund This fund accounts for the operations of the pressurized irrigation system throughout the
- Utility Fund This fund accounts for the operation of the culinary water, sewer, storm sewer, and garbage services of the City.
- Motor Pool / Internal Service Fund This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City maintains a motor pool fund to account for the costs of owning and operating vehicles. This fund is reported on the proprietary fund statements and is combined with governmental activities on the government-wide statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary fund statements are also prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating items, such as interest expense and investment earnings, result from non-exchange transactions or ancillary activities.

For business-type activities and enterprise funds, the City follows all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those standards conflict with a GASB pronouncement.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

D. Assets, Liabilities, and Fund Balances/ Net Assets

Following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Cash and Investments - Cash and cash equivalents consist of demand deposits with a local bank. The City invests any cash that is not anticipated to be required within two weeks in the Public Treasurers Investment Fund (PTIF) administered by the State of Utah Treasurer's Office. Original maturities with PTIF are considered to be less than three months, thus, all deposits and investments are recorded at cost which is also considered to be fair value.

Accounts Receivable - Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established. Accounts Receivable from utility customers are offset by an allowance of estimated uncollectible accounts.

Taxes Receivable - Taxes receivable include accrued amounts for sales tax and delinquent property tax. Sales tax collected on retail sales though-out the state are forwarded to the Utah State Tax Commission. These taxes are processed centrally and distributed according to formula to each unit of government imposing a sales tax at the end of the second month after they have been collected by the retailer.

The property tax year runs from Jan 1st – Dec 31st of each year. Taxes are payable by November 30th. Each County bills and collects property taxes for all taxing entities within the County. Collections are distributed to the taxing entities monthly, with final settlement due March 31st of the subsequent year. The City records a receivable for those items actually collected by the County Treasurer but not yet transferred to the City.

Due to/Due from other funds - All cash and cash equivalents are accounted for in a pooled cash process. The money from each fund is co-mingled to simplify the banking process. A particular fund may make disbursements of funds that have not physically been received. This technically requires that they draw from other fund's resources within the co-mingled total. When this cash deficit occurs a due to account is charged in the funds requiring additional funds and a due from fund is selected to offset the use of funds.

Other Assets - Deposits with vendors and returned checks being held are recorded as other assets.

Capital Assets - The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost where historical cost information is not available. Donated capital assets are recorded at estimated fair value on the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Water Stock is recorded as a capital asset. It is considered a key element of infrastructure rather than an investment instrument. Infrastructure improvements, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

isciai nives.	Years
Asset Class	
Infrastructure Improvements	30
Buildings	30
	5 - 20
Equipment	

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Compensated Absences and Post-employment Benefits - City employees accrue vacation leave up to a maximum of 240 hours according to the following schedule:

Years of	Hours Accrued
Service_	Per Pay Period
$\frac{361 \text{ Vice}}{0-4 \text{ years}}$	3.08 (10 days per year)
5 - 9 years	3.69 (12 days per year)
10 – 14 years	4.61 (15 days per year)
Over 14 years	6.15 (20 days per year)

Employees are allowed to carry up to 240 hours of unused vacation leave into the next calendar year, and all unused vacation leave is paid to employees upon termination. Employees may also earn compensatory time but only at the discretion of the city administrator. The rate is one and one-half hours for each hour worked, with a maximum of 240 hours that can be accrued.

Vacation and compensatory leave are recorded as expenditures when used in governmental funds and as expenses when earned in proprietary funds and in the government-wide statements. A liability for unused vacation and compensatory leave is recorded in the government-wide Statement of Net Assets.

Permanent full-time employees accrue sick leave at a rate of 3.69 hours for each two-week pay-period while part-time merit employees accrue sick leave at a pro-rated portion. Sick leave may accrue to a maximum of 1,040 hours. Sick leave is recorded as an expenditure/expense when used in all funds, and no liability is recorded for unused sick leave.

Upon retirement, the City will pay the employee for 20% of all unused sick leave hours. The employee who is terminated or resigns shall not be compensated for unused accrued sick leave.

Long-term Obligations - In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Net Assets/Fund Balances - The difference between assets and liabilities is net assets on the government-wide and proprietary fund statements, and fund balance on the governmental fund statements.

The government-wide statements classify net assets of the fund as restricted or unrestricted. Net assets are designated as restricted if an outside party, laws or regulations of other governments commit those assets to specific purposes. Unrestricted net assets are the remaining net assets without restrictions. These are available for any future appropriation without qualification.

In the governmental fund statements, fund balances are classified as reserved or unreserved. Reserves represent those portions of fund balance that are not appropriable for expenditure or are legally segregated for a specific future use. Unreserved fund balances are available for future appropriation, though some portions may be designated to represent management's tentative plans for specific future uses.

E. Revenues and Expenditures

Following are the City's significant policies related to recognition and reporting of certain revenues and expenditures.

Revenue Availability - Under the modified accrual basis of accounting, revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Syracuse City considers property tax revenues to be "available" if they are collected by the Treasurer's Tax Collection Agency Fund before year-end. Sales taxes are considered revenue when they have been collected at the point of sale. Grants are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are received within 60 days after year-end.

Expenditure Recognition - In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

F. Budgeting and Budgetary Control

Annual budgets are prepared and adopted before June 22nd for the calendar year commencing the following July 1st in accordance with the Uniform Fiscal Procedures Act for Utah Cities. Once a budget has been adopted, it remains in effect until it has been formally revised. If any obligations are contracted for in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Adopting the Annual Budget - Each spring budget officer submits a tentative operating budget to the City Council for the calendar year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. The tentative operating budget is reviewed and tentatively adopted by the City Council they also set a date for a public hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection ten days prior to the budget hearing. After the budget hearing, the tentative budget, with any amendments is legally enacted through passage of a resolution. A copy of the budget is certified by the budget officer and filed with the State Auditor within thirty days of adoption. A copy of the budget is available to the public after adoption.

Control of budgeted expenditures is exercised, under state law, at the department level. Administrative control is maintained through detailed line-item budgets for all departments. All appropriations lapse at the end of the calendar year. Budgets for the General Fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Budgets for proprietary funds are not legally required.

Modifying the Adopted Budget - Transfers of unexpended appropriations from one expenditure account to another in the same department can be made by consent of the department heads. Transfers of unexpended appropriations from one department to another department, as well as budget reductions for any department, may be made with consent of the Council. Expenditure appropriations of the General Fund may be increased by resolution only after a public hearing. Any other fund appropriation may be increased after giving public notice that the City Council will consider such a matter. Notice must be published seven days in advance of the meeting to consider the action. During 2005, the City modified various budgets using the above procedure.

Current Year Excess of Expenditures Over Appropriations - For the year ended June 30, 2005 there were no departments where expenditures exceeded appropriations.

DEPOSITS AND INVESTMENTS NOTE 2.

A. Deposits

The City follows the requirements of the Utah Money Management Act (the Act) in handling its depository transactions. The Act requires all deposits of City funds to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. Utah statutes do not require deposits to be collateralized. Cash on hand at June 30, 2005 was \$200. The carrying amount of deposits was \$596,721 and the bank balance was \$695,517. Of the bank balance, \$100,000 was covered by federal depository insurance and \$496,721 was uninsured and uncollateralized.

B. Investments

As required by the Act, investment transactions are to be conducted through qualified depositories or primary reporting dealers. Permitted investments include deposits of qualified depositories, repurchase agreements, commercial paper rated P-1 by Moody's or A-1 by Standard and Poors Inc., bankers acceptances, obligations of the U.S. Treasury, and certain tax anticipation and general obligation bonds. The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), a pooled investment fund managed by the State Treasurer and subject to the Utah Money Management Act requirements. Investments are categorized by level of credit risk similar to deposits.

Category I includes investments that are insured or registered or for which the securities are held by the City or the City's agent in the City's name.

Category 2 includes insured and unregistered investments for which securities are held by the counterparty's trust department or agent in the City's name.

Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

Investment held in a pooled fund requires no risk categorization. All City investments are held in the Utah Public Treasurer's Investment Fund (the Fund), a pooled investment fund managed by the Utah State Treasurer and are thus not categorized. The City's balance in the Fund at June 30, 2005 was \$8,085,737.

The Fund is part of the public funds regulated by the Utah Money Management Act described above. Investments in the Fund have an average original maturity of less than three months and are considered cash equivalents; thus, the value of the pool shares in the same as the fair value of the position in the pool as allowed by GASB 31 fair value disclosure requirements.

INTERFUND BALANCES AND LOANS NOTE 3.

Government-wide statements eliminate balances between funds. The individual fund statements show interfund balances as due to/due from other funds. These balances arise as the pooled-cash balance of a specific fund becomes negative, thus technically drawing on the pooled-cash of other funds. Interfund balances and loans at June 30, 2005 consisted of the following amounts:

\$ 250,292

Governmental Activities:

General Fund (due from other funds)	\$ 250,292
Motor Pool Fund (due to other funds)	\$(250,292)
Business-type activities:	
Utility Fund (due from other funds)	\$ 471,785
Secondary Water Fund (due to other funds)	\$(471,785)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Capital Assets			
	Beginning	•		Ending
Governmental Activities:	Balance	Additions	Deletions	Balance
Capital assets not being depreciated:	_			
Land and land improvements	\$ 4,224,436	\$ 2,973, 7 02	<u> </u>	\$ 7,198,138
Capital assets being depreciated:				
Buildings and Improvements	1,677,835	54,777	_	1,732,612
Equipment	1,966,645	92,444	_	2,059,089
Infrastructure	26,539,152	2,398,909	_	2 8,93 8,061
Total	30,183,632	2,546,130	-	32,729,762
Less Accumulated Depreciation for:				
Buildings and Improvements	615,206	55,928		
Equipment	1,185,525	105.451	-	671,134
Infrastructure	10,537,049	964, 602	•	1,290,976
Total	12,337,780	1,125,981		11,501,651
Capital assets being depreciated, net	17,845,852	1,420,149		13,463,761
Governmental Activity Capital Assets, Net	\$ 22,070,288	\$ 4,393,851	<u> </u>	19,266,001 \$ 26,464,139 (a)
Business-type Activities:				20,101,139 (a)
Capital assets not being depreciated:				
Water Stock	\$ 2,549,020	\$ 1,837,500	s -	
Land and land improvements	345,560	705,531	• -	\$ 4,386,520 (b)
Total	2,894,580	2,543,031		1,051,091
Capital assets being depreciated:		2,343,031	-	5,437,611
Buildings and Improvements		56,700		F.C. 5000
Equipment	565,682	121,345	-	56,700
Infrastructure	21,035,630	1,721,041	-	687,027
Total	21,601,312	1,899,086		22, 7 56,671 23, 500 ,398
Less Accumulated Depreciation for:				20,000,096
Equipment	388,141	288,319		
Infrastructure	4,278,398	400,604	-	676,4 60
Total	4,666,539	688,923		4,679,002
Capital assets being depreciated, net	16,934,773	1,210,163		5,355,462
Business-type Activities Capital Assets, Net			<u> </u>	18,144,936
	\$ 19,829,353	\$ 3,753,194	<u>s</u> -	\$ 23, 582, 547

⁽a) Capital Assets in the Statement of Net Assets also includes the Buildings, Equipment, and other Depreciable Assets, net of accumulated depreciation, for the Internal Service Funds of \$736,737.

⁽b) Water Stock has been included as a capital rather than a current asset because of the intended use of the asset. The City Council has acquired the Water Stock as part of the infrastructure of the secondary water delivery system.

LONG-TERM LIABILITIES NOTE 5.

A. Changes in Long-term Liabilities (including compensated absences)

Changes in long-term liabilities for the year ended June 30, 2005 were as follows:

	Long-term Liabilities				
	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Governmental Activities: Excise Tax Road Bonds Special Assessment Bonds Park Development Bonds Jensen Park Property Note Capital Equipment Lease	\$ 780,000 581,000 	2,100,000	\$ 145,000 84,000 	\$ 635,000 497,000 2,100,000 92,000 270,727 110,057	\$ 150,000 88,000 110,000 92,000 132,579 60,000
Compensated Absences Business-type Activities: Water Revenue Note 4660 Water Revenue Note 0221 Total Long-term Liabilities	82,440 522,000 495,000 \$ 3,042,403	\$5,624 — \$ 2,185,624	58,007 58,000 55,000 \$ 619,243	464,000 440,000 \$ 4,608,784	58,000 55,000 \$ 745,579

The compensated absence liability of governmental activities is liquidated in the General Fund, special revenue fund, or internal service fund where the related employing department operates. Additional information related to these longterm liabilities is found in the following tables including debt service requirements to maturity.

B. Excise Tax Road Bonds

In January 1999, the City issued \$1.41 million of Series 1999 tax revenue bonds for the purpose of defraying a part of the cost of constructing additions and improvements to certain Class "C" roads within the City. Bonds Payable at June 30, 2005 consists of the following:

	1999 Excise Tax Road Refunding Bonds Payable					
Issue Date	Maturity Date	Interest Rate	Original Amount	B	30, 2005	
01/12/1999	01/15/2009	4.35%	\$ 1,410,000	\$	635,000	
Total Excise T	ax Road Bonds Pa	ıyable		\$	635 ,00 0	

Debt Service Requirement to Maturity

Fiscal Year	Principal	<u>Interest</u>
2006	\$ 150,000	\$ 25,991
2007	155,000	19,466
2008	160,000	1 2,6 15
2009	170,000	5,546
Total	\$ 635,000	\$ 63,618

C. Special Assessment Bonds

The City authorized and issued Special Assessment Bonds on March 22, 2001 in the principal amount of \$865,958 for the purpose of constructing and installing curb, gutter and sidewalk. Bonds payable at June 30, 2005 consists of the following:

	1999 Special Assessment Bonds Payable				
Issue <u>Date</u>	Maturity <u>Date</u>	Interest Rates	Original Amount	Balance <u>June 30, 2004</u>	
03/22/2001	03/15/2010	4.90% -6.20%	\$865,958	\$ 497,000	
Total Special	Assessment Bond	s Payable	••••••	<u>\$ 497,000</u>	

Debt Service Requirement to Maturity

Fiscal Year	<u>Principal</u>	Interest
2006	\$ 88,000	\$ 29,877
2007	94,000	24,773
2008	99,000	19,227
2009	105,000	13,287
2010	111,000	_ 6,882
Total	\$ 497,000	\$ 94,046

D. Park Development Sales Tax Revenue Bonds, Series 2005

On April 5, 2005, the City issued \$2,100,000 in Park Development Sales Tax Revenue Bonds for the purpose of financing the acquisition of water shares; the construction of a water reservoir; improvements to the secondary water system; park improvements and other City-owned capital improvements. Park Development Bonds payable at June 30, 2005 consists of the following:

2005 Park D	evelopment Sales	Tax Revenue	Bonds	Pavable

	Issue Date	Maturity Date	Interest Rate	Original Amount		Balance ne 30, 2004	
2005	04/28/2005	01/01/2020	0.0%	\$ 2,100,000	\$	2,100,000	
Total W	/ater Revenue Bon	ds Payable	·····	•••••	\$	2,100,000	

Debt Service Requirement to Maturity

	Principal	Interest	
2006	\$ 110,000	\$ 78,520	
2007	115,000	76,103	
2008	115,000	72,653	
2009	12 0,00 0	69,260	
2010	125 ,00 0	65,480	
2011 - 2015 2016 - 2020	680,000	258,112	
Total	835,000	108,877	
IVIII	\$ 2,100,000	\$ 729,005	

Jensen Park Property Note

The City purchased twenty acres of park property using some cash and also a note to the Jensen family. The Note Payable at June 30, 2005 consists of the following:

2003 Jensen Park Property Note					
Issue Date	Maturity Date	Interest Rates	Original Amount	Balance June 30, 2004	
02/24/2003	02/24/2006	5.50%	\$276,000	\$ 92,000	

Total Jensen Park Property Note Payable 92,000

Debt Service Requirement to Maturity

Fiscal Year	Principal Principal	<u>Interest</u>
2006	\$ 92,000	\$ 5,060
Total	\$ 92,000	\$ 5,060

F. Water Revenue Notes, Series 1992

During January 1992, the City issued \$2,200,000 in Water Revenue Notes with the State of Utah. These are zero interest notes available to local units of government for the purpose of water conservation through improved delivery systems. The City used the proceeds from these notes to construct a storage reservoir and upgrade the main transmission lines throughout the City. Water Revenue Notes Payable at June 30, 2005 consists of the following:

1992 Water Revenue Notes Payable

		Original Original	Bs	lance		
	Issue Date	Maturity Date	Interest Rate	Amount		30, 2004
1992A	04/28/1992	01/01/2013	0.0%	\$ 1,100,000	\$	440,000
1992B	04/28/1992	01/01/2013	0.0%	1,100,000		464,000
Total V	Water Revenue B	onds Pavable			\$	904,000

Debt Service Requirement to Maturity

		<u>u</u>	CDL DCI	A ICC T	tod an omion						
	Series 1	1992A			Series 1	992B		To	tal	al	
	Principal	Inte	rest	P	58,000	Inte	rest	Principal	Inter	est	
		\$	0		58 000	\$	0	\$ 113,000	\$	0	
2006	\$ 55,000 55,000	J)	0	Ψ	•	•	0	113,000		0	
2007 2008	55,000		ŏ		58,000		0	113,000	•	0	
2009	55,000		0		58,000		0	113,000		0	
2010	55,000		0		58,000		0	113,000		0	
2011 - 2013	165,000		0		174,000			339,000	•	$\frac{0}{0}$	
Total	\$ 440,000	\$	0	\$	464,000	_\$	<u> </u>	\$ 904,000	<u>.</u>	<u> </u>	

G. Equipment Lease Purchase

On January 15, 2002 Syracuse City entered into a Capital Lease agreement with Zions Bank to finance the purchase of fire and ambulance vehicles. The proceeds of the lease were \$637,256. The equipment lease purchase balance at June 30, 2005 consists of the following:

2002 Equipment Lease Purchase Revenue Bonds Payable

Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2004
01/15/2002	01/15/2007	4.2%	637, 256	\$ 270,727
Total Equipme	ent Lease Purchase P	ayable	*****	<u>\$ 270,727</u>

Debt Service Requirement to Maturity

Fiscal Year 2006	<u>Principal</u> \$ 132,579	<u>Interest</u> \$ 11,371
2007	138,148	5,803
Total	\$ 270 ,727	\$ 17,174

NOTE 6. INTERFUND TRANSFERS

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in another fund. A portion of the Special Improvement District debt repayment is funded by the road department. This year the road department transferred \$49,034 to the Debt Service Fund.

NOTE 7. RETIREMENT PLANS

A. Pension Plans

Syracuse City contributes to the Local Government Noncontributory Retirement System, and the Public Safety Noncontributory Retirement System (collectively, the Systems), all of which are cost-sharing multiple-employer defined benefit pension plans. The Systems are administered by Utah Retirement Systems (URS) under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the governor. URS is established under and governed by Title 49 of *Utah Code Annotated*, 1953, as amended (UCA). URS publishes an annual financial report that includes financial statements and required supplementary information for all retirement systems and deferred compensation plans administered by it. Copies of the report may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102; by calling 1-800-365-8772; or by visiting www.urs.org.

Retirement benefits, as specified by UCA Title 49, cover substantially all employees of the State, public education, and other political subdivisions of the State. Only the State Legislature can modify benefits. The Systems provide pension, death, and disability benefits for employees who meet all eligibility requirements. Employees are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus years of service. A brief summary of eligibility, benefits, and contribution rates of the Systems is provided in the table below.

Expenditures or expenses for retirement costs are recorded in the City's funds as contributions are made to the Systems. Contributions made each year were equal to the contributions required by the City's contract with URS. Therefore, the City has no liability for pension obligations.

	Local Government Noncontributory System	Public Safety Noncontributory System
Highest Average Salary	Highest 3 Years	Highest 3 Years
Years of Service and Age of Eligibility	30 years any age 25 years any age 20 years age 60 (a) 10 years age 62 (a) 4 years age 65	20 years any age 10 years age 60 4 years age 65
Benefit Percent per Year of Service	2.00% per year	2.50% per year up to 20 years2.00% per year over 20 yearsBenefit cannot exceed 70% of final average salary.
Annual Cost of Living Adjustment	up to 4.00%	up to 2.50%
2005 Rates as Percent of Covered Payroll:		
Employer Member	11.0 90% 0.000 %	1 9.08 0% 0 .00 0%
Actual City Contributions Made, by		•
year: 2005 2004 2003	\$ 135,341 \$ 105,461 \$ 88,347	\$ 81,991 \$ 52,047 \$ 43,616

(a) Requires full actuarial reductions

B. Deferred Compensation Plans

The City participates in a 401(k) Plan and a 457 Plan (collectively, the Plans), both of which are defined contribution plans administered by URS. The Plans are in addition to the retirement benefits outlined above. Voluntary contributions may be made to the Plans subject to URS and Internal Revenue Service limitations. The City contributes a matching amount up to 4 percent of eligible employees' salaries to the 401(k) Plan, and employees may contribute to both Plans up to maximum percentages allowed by IRS regulations.

Account balances of the Plans are fully vested to the participants at the time of deposit. All assets and income of the Plans are held by URS for the exclusive benefit of the participants or their beneficiaries. For the year ended June 30, 2005, Syracuse City contributed \$97,592 to employees' 401(k) Plans.

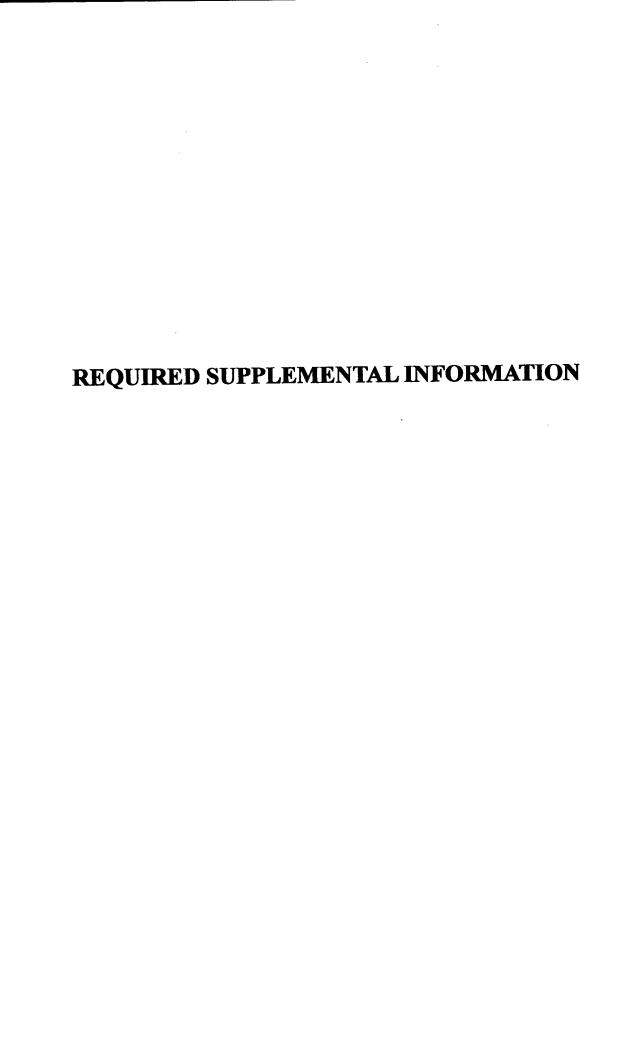
NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since 1985 the City has purchased commercial insurance through the Utah Local Governments Insurance Trust to mitigate the costs of these risks. The City's responsibility extends only to the payment of premiums and deductibles of \$1,000 on general liability claims. This year's premium of \$72,214 is part of the non-departmental costs.

NOTE 9. LITIGATION AND CONTINGENCIES

The City records liabilities resulting from claims and legal actions when they become fixed or determinable in amount. The City is currently the defendant in several pending lawsuits. Legal counsel is of the opinion that potential claims against the City resulting from such litigation not covered by insurance do not pose a threat of significant liability to the City.

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the City believes such disallowances, if any, will be immaterial.



SYRACUSE CITY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

			· · · · · · · · · · · · · · · · · · ·	Variance With Final Budget	
		d Amounts		Favorable	
REVENUES:	Original	<u>Final</u>	Actual	(Unfavorable)	
Taxes:					
Current property taxes	6 10 5 17				
Fee-in-lieu	\$ 487,165	\$ 503,252	\$ 503,363	\$ 111	
	95,000	109,419	111,033	1,614	
Delinquent prior years' taxes Sales tax	35,532	22,741	22,087	(654)	
Franchise tax	1,015,000	1,348,826	1,366,078	17,252	
Total	19,500				
Total	1,652,197	1,984,238	2,002,561	18,323	
Licenses and permits:					
Business licenses	20,000	31,165	31,165	_	
Building permits	604,300	718,246	718,246	_	
Total	624,300	749,411	749,411		
Impact fees:					
Park development	350,000	410 100	410 100		
Park purchase		410,192	410,192		
Public safety	250,000	318,401	318,401	-	
Transportation	- 625 000	41,175	41,175	· · · · · · · · · · · · · · · · · · ·	
Total	525,000	525,000	579,216	54,216	
= - 	1,125,000	1,294,768	1,348,984	54,216	
Intergovernmental revenues:					
Class "C" road fund allotment	476,500	476,500	417,204	(59,296)	
Liquor fund allotments	8,000	6,955	6,955	(<u>-</u> -	
State grants and reimbursements	103,000	264,210	264,210	_	
County fire protection	18,000	60,320	36,490	(23,830)	
Total	605,500	807,985	724,859	(83,126)	
Charges for services:				(00,120)	
Development reviews and inspections	210,000	196,629	107 (20		
Recreation fees	70,000	89,635	196,629	-	
Ambulance revenue	110,000	-	89,635	-	
Sale of maps and publications	900	159,226	159,226	-	
Sale of cemetery lots	8,000	2,130	2,130	-	
Burial fees	6,000	16,335	16,335	-	
Road cut fees		9,220	9,220	-	
Street light installations	15,000 45,000	70.000	16,731	16,73 1	
Total	464,900	70,000	70,000		
	404,500	543,175	559,906	16,731	
Fines and forfeitures	175,000	179,377	179,377	<u> </u>	
Interest	20,000	13,490	56,202	42,712	
Miscellaneous:	 				
Sale of materials and supplies	5,000	70,648	648	(#A AAA)	
Building rentals	5,000	5,121		(70,0 00)	
Park reservations	800	-	5,595	474	
Sundry	20,000	1,411 9,562	1,411	-	
Total	30,800	86,742	9,700	138	
OTAL REVENUES			17,354	(69,388)	
	<u>\$ 4,697,697</u>	\$ 5,659,186	\$ 5,638,654	\$ (20,532)	

				Variance With Final Budget
		Amounts		Favorable
	Original	<u>Final</u>	Actual	(Unfavorable)
XPENDITURES:			•	
eneral government:				
City council	\$ 213,725	\$ 213,725	\$ 180,962	\$ 32,763
City court	142,744	142,744	131,862	10,882
Finance	149,698	163,650	149,799	1 3,8 51
Planning and zoning	259,754	259,70 4	215,850	43,854
Nondepartmental	117,800	16 0,50 0	141,494	1 9,00 6
Buildings and grounds	55,350	93,400	73,899	19,501
Total	939,071	1,033,723	893,866	139,857
ublic safety:				
Police department	1,161,959	1,178,159	1,059,013	119,146
Fire department	473,422	650,050	606,883	43,167
Total	1,635,381	1,828,209	1,665,896	162,313
ublic works:				
Building inspector	262,578	262,578	230,361	32,217
Class "C" roads	1,001,500	952,000	656,841	295,159
Total	1,264,078	1,214,578	887,202	327,376
arks and recreation:				
Parks	134,607	284,356	259,262	25,094
Recreation	274,863	274,863	258,172	1 6,69 1
Cemetery	40,588	40,588	25,330	15,258
Museum	17,789	16,975	16,321	654
Total	467,847	616,782	559,085	57,697
Capital outlay	969,870	3,233,455	3,066,146	167,309
TOTAL EXPENDITURES	5,276,247	7,926,747	7,072,195	854,552
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES BEFORE OTHER	_			
INANCING SOURCES (USES)	(578,550)	(2,267,561)	(1,433,541)	834,020
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of debt	-	2,100,000	2,100,000	-
Transfers in	80,000	80,000	-	(80,000)
Transfers out		(49,500)	(49,034)	466
Total	80,000	2,130,500	2,050,966	(79,534)
TET CHANGE IN FUND BALANCE	(498,550)	(137,061)	617,425	754,48 6
TUND BALANCE, BEGINNING OF YEAR	2,400,000	2,794,845	2,794,845	
NAME OF THE OWNER				
TUND BALANCE, END OF YEAR	\$ 1,901,450	\$ 2,657,784	\$ 3,412,270	\$ 754,486

REDEVELOPMENT AGENCY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

		Budgeted	Amou	nts		·	Final	nce With Budget orable
	<u>o</u>	riginal]	<u>Final</u>	<u> </u>	<u>Actual</u>	(Unfa	vorable)
REVENUE:								
Contributions from Syracuse City	\$	5,000	\$	5,000	\$	5,000	\$	-
Miscellaneous								
Total		5,000		5,000		5,000		
EXPENDITURES:								
General government:								
Professional services		5,000		5,000		4,588		412
Total		5,000		5,000	-	4,588		412
EXCESS OF REVENUES OVER EXPENDITURES		-		-		412		412
FUND BALANCE, BEGINNING OF YEAR		728		401		401		
FUND BALANCE, END OF YEAR	<u> </u>	728	\$	401	\$	813	\$	_



SCHEDULE 3

SPECIAL IMPROVEMENT DISTRICT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

SYRACUSE CITY

FOR THE TEAR ENDED CONTROL	Budgeted			Variance With Final Budget Favorable	
	Original	Final	Actual	(Unfavorable)	
REVENUE:		- 440.000	o =0.040	\$ (59,160)	
Assessments principal	\$ 110,000	\$ 110,000	\$ 50,840	12,430	
Assessments interest	300	300	12,730	3,524	
Late fees	200	200	3,724	2,497	
Investment interest			2,497		
Total	110,500	110,500	69,791	(40,709)	
EXPENDITURES:		•			
General government:				40	
Professional and technical	•	200	160	40	
Debt service:					
Debt principal	84,0 00	84,000	84,000	4 405	
Debt interest and fees	34,550	35,800	34,665	1,135	
Total	118,550	120,000	118,825	1,175	
EXCESS (DEFICIENDY) OF REVENUES					
OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(8,050)	(9,500)	(49,034)	(39,534)	
FINANCING SOURCES (USES)					
OTHER FINANCING SOURCES - Transfer in			49,034	(49,034)	
NET CHANGE IN FUND BALANCE	(8,050)	(9,500)		9,500	
FUND BALANCE, BEGINNING OF YEAR	15,600	51,606	51,606	-	
FUND BALANCE, END OF YEAR	\$ 7,550	\$ 42,106	\$ 51,606	\$ 9,500	

STORM SEWER CONSTRUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

				Variance
		Amounts		Favorable
*******	Original	Final	Actual	(Unfavorable)
REVENUES:				
Storm drain impact fees	\$ 275,000	\$ 275,000	\$ 328,093	\$ 53,093
Storm drain user fees	90,000	90,000	-	(90,000)
Interest	8,000	8,000	23,256	15 ,25 6
Total	373,000	373,000	351,349	(21,651)
EXPENDITURES:				
General government	30,877	47,877	_	47,877
Capital outlay	515,000	498,000	238,508	259,492
Total	545,877	545,877	238,508	307,369
EXCESS (DEFICIENCY) OF REVENUES		-		
OVER EXPENDITURES	(172,877)	(172,877)	112,841	285,718
FUND BALANCE, BEGINNING OF YEAR	1,100,000	1,023,021	1,023,021	
FUND BALANCE, END OF YEAR	\$ 927,123	\$ 850,144	\$ 1,135,862	\$ 285,718

CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

FOR THE YEAR ENDED JUNE 30, 2005		Budgeted	Amoi	unts	····		Fin Fa	ance With al Budget avorable
	Or	iginal		Final		Actual	(Un	favorable)
REVENUES:	_		_			400.056	•	41E 0EC
Franchise tax	\$	75,00 0	\$	75,000	\$	490,056	\$	415,056
Cell tower lease		-		-		16,150		16,150
Interest		-		-		18,168		18,168
Miscellaneous		-		-		9,940		9,940
Total		75,000		75,000		534,314		459,314
EXPENDITURES:								
Capital outlay				75,000		54,777		20,223
Total				75,000	_	54,777	<u></u>	20,223
EXCESS OF REVENUES OVER EXPENDITURES		75,000		-		479,537		479,537
FUND BALANCE, BEGINNING OF YEAR		6 00,0 00		837,062		837,062		-
FUND BALANCE, END OF YEAR	\$	6 75,0 00	\$	837,062	\$	1,316,599	\$	479,537

UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	Rudge	ed Amounts		Variance With Final Budget Favorable	
•	Original	Final	Actual	(Unfavorable)	
OPERATING REVENUE:	<u> </u>		1100001	CHIATOTABIC	
Water sales	\$ 861,700	\$ 861,700	\$ 1,007,394	\$ 145,694	
Sewer service charges	375,000	•	464,470	89,470	
Refuse collection charges	775,000		970,803	195,803	
Storm drain user fees	_,	_	115,651	115,651	
Connection fees	110,000	110,000	148,900	38,900	
Other	37,000	37,000	42,833	5,833	
Total	2,158,700		2,750,051	591,351	
OPERATING EXPENDITURES:					
Public works:					
Salaries, wages, and benefits	330,751	357,000	356,904	96	
Contractual services	1,117,100	1,174,570	1,174,563	7	
Operations	660,764	576,220	551,714	24,506	
Depreciation	343,085	393,910	400,604	(6,694)	
Total	2,451,700	2,501,700	2,483,785	17,915	
OPERATING INCOME (LOSS)	(293,000	(343,000)	266,266	57 3,43 6	
NONOPERATING REVENUES (EXPENSES):					
Impact fees	315,000	315,000	387,438	72,438	
Interest revenue	28,000	28,000	61,385	33,385	
Transfer to general fund	(50,000			-	
Total	293,000	343,000	448,823	105,823	
INCOME BEFORE CAPITAL CONTRIBUTIONS	-	-	715,089	679,259	
CAPITAL CONTRIBUTIONS					
Developers infrastructure contributions			891,123	891,123	
NET CHANGE IN ASSETS	-	-	1,606,212	1,570,382	
NET ASSETS, BEGINNING OF YEAR	11,000,000	12,084,579	13,183,195	1,098,616	
NET ASSETS, END OF YEAR	\$ 11,000,000	\$ 12,084,5 79	\$ 14,789,407	\$ 2,668,998	

SECONDARY WATER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

FOR THE YEAR ENDED JUNE 30, 2005	Budgeted Amounts					Fi	riance With nal Budget avorable
		riginal	Final		Actual	(Unfavorable	
OPERATING REVENUE:				-			
Water Sales	\$	375,000	\$	375,000	\$ 421,191	\$	46,191
Connection fees		120,000		120,000	158,707		38,707
Other		-			 81		81
Total		495,000		495,000	 579 ,979		84,979
OPERATING EXPENDITURES:							
Public Works:							
Salaries, wages, and benfits		280,054		307,050	306 ,896		154
Water and pumping		220,000		166,950	166 ,90 0		50
Operating expenses		117,000		124,350	62,259		62, 091
Depreciation		634,777		683,481	 288,319		395,162
Total	1	,251,831		1,281,831	 824,374		457,457
OPERATING INCOME (LOSS)		(756,831)		(786,831)	(244,395)		(372,478)
NONOPERATING REVENUES (EXPENSES):							
Impact fees		375,000		375,000	57 4,670		199, 670
Interest revenue		3,000		3,000	882		(2,118)
Transfer to general fund		(30,000)		-	-		-
Total		348,000		378,000	 575,552		197,552
INCOME (LOSS) BEFORE CAPITAL							
CONTRIBUTIONS		(408,83 1)		(408,831)	331,157		(174,926)
CAPITAL CONTRIBUTIONS							
Developers infrastructure contributions				<u> </u>	 2,174,509		2,174,509
NET CHANGE IN ASSETS		(408,831)		(408,831)	2,505,666		2,914,497
NET ASSETS, BEGINNING OF YEAR	7	,500,000		8,068,751	 8,068,751		<u>-</u>
NET ASSETS, END OF YEAR	\$ 7	,091,169	\$	7,659,920	\$ 10,574,417	\$	2,914,497

MOTOR POOL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts						Variance With Final Budget Favorable	
	Original		Final		Actual		(Unfavorable)	
OPERATING REVENUE:						_		
Utility franchise tax	\$	306,351	\$	379,200	\$	256,527	\$	(122,673)
Other		800		800		810		10
Total		307,151		380,000		257,337		(122,663)
OPERATING EXPENDITURES:								
General government:								
Operations		307,151		297,400		169,480		127,920
Depreciation		-		82,600		76,521		6,079
Total		307,151		380,000		246,001		133,999
NET CHANGE IN ASSETS						11,336		(256,662)
NET ASSETS, BEGINNING OF YEAR	\ <u>\</u>	200,000		204,378		204,378		-
NET ASSETS, END OF YEAR	· s	200,000	\$	204,378	\$	215,714	\$	(256,662)

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AUDITORS' REPORTS





REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council Syracuse City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Syracuse City, Utah, as of and for the year ended June 30, 2005, which collectively comprise Syracuse City, Utah's basic financial statements and have issued our report thereon dated October 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Syracuse City, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Syracuse City, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

WOOD Richards & Associates

Ogden, Utah October 7, 2005



INDEPENDENT AUDITOR'S REPORT STATE OF UTAH LEGAL COMPLIANCE

The Honorable Mayor and City Council Syracuse City, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Syracuse City, Utah, for the year ended June 30, 2005 and have issued our report thereon dated October 7, 2005. As part of our audit, we have audited Syracuse City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major assistance programs from the State of Utah.

C Road Funds (Department of Transportation) Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Syracuse City's financial statements).

Court Grant (State Court Administrative Office)
Wild Land Fire Prevention (Department of Natural Resources)
EMS High School Training (Department of Public Safety)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property
Tax Limitations

Liquor Law Enforcement
Justice Court
B & C Road Funds
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees

The management of Syracuse City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Report State of Utah Legal Compliance Page 2

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Syracuse City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

WOOD Richards & Associates October 7, 2005